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Attorney for Pacific Pawnbrokers, Inc.

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

CASE NO. BK-N-09-53610-gwz
Chapter 11

PACIFIC PAWNBROKERS, INC.,

Debtor.

**SUPPLEMENT TO DEBTOR'S
DISCLOSURE STATEMENT**

Hearing Time: November 9, 2010
Hearing Time: 2:00 p.m.

Debtor PACIFIC PAWNBROKERS, INC. (the "Debtor") supplements its Disclosure Statement filed herein on July 5, 2010 (Docket No. 25) with the Exhibits A through D, which are referred to in the Disclosure Statement and are attached hereto. In addition, Debtor submits the following revised section of II(A) to the Disclosure Statement:

II. BACKGROUND

A. Description and History of the Debtor's Business; Descriptions of Events Leading To Filing of this Case.

The Debtor is a Nevada corporation, which was incorporated on June 1, 1983. Since then, the Debtor has operated as a pawnshop, check cashing and loan business. Debtor's initial business location was at 1206 B Street, Sparks, Nevada, which in 1991 relocated to 1246 Victorian Avenue, Sparks, Nevada ("Store 1"). In 1986, the Debtor expanded operations and opened a second location at 916 B Street, Sparks, Nevada, doing business as Money Mart, which also operated as pawnshop and check cashing business ("Store 2"). Also in 1986, Debtor opened a third location at 124 West Second Street, Reno, Nevada, also doing business as Money Mart

1 (“Store 3”). Store 3 relocated to 701 Ryland, Reno, Nevada in 1991 and began doing business as
2 Pacific Pawnbrokers.

3 In order to fund the expansion and operation of Debtor’s business, the Debtor borrowed
4 substantial sums from private parties in the mid-1980’s. Those loans constitute the overwhelming
5 majority of the Debtor’s unsecured creditors in this case.

6 In 1995, Debtor opened a fourth location in South Lake Tahoe, California (“Store 4”). In
7 2003, Debtor’s lease for Store 4 expired and Debtor closed this location. All assets of Store 4
8 were moved to Store 3.

9 Beginning in late 2007, and accelerating in 2008, Debtor experienced a substantial
10 downturn in its business. This downturn coincided with the collapse of the local real estate
11 market, and the beginning of the nationwide recession.

12 In June 2008, the City of Sparks acquired all the real estate and building where Store 1
13 operated and Debtor was forced to relocate. The City of Sparks paid \$1,600,000.00, but after real
14 estate commissions, escrow fees and taxes, the Debtor netted approximately \$960,000.00. Of that
15 \$960,000.00, \$300,000.00 was used to service Debtor’s significant unsecured debt obligations.
16 The remaining \$660,000.00 remained in the business and was used to fund operations.

17 Prior to closing Store 1, Debtor held a 6 month liquidation sale, where it substantially
18 discounted prices over a period of time. All inventory not liquidated when Debtor closed Store 1
19 was moved to Store 3.

20 In October 2008, Debtor was forced to close Store 2, due to the continued downturn in its
21 business. The store had actually been closed for business for one year prior to the Debtor’s
22 formal decision to forever terminate operations from Store 2. Debtor moved all inventory from
23 Store 2 to Store 3.

24 Currently, the Debtor operates only Store 3.

25 DATED this 2nd day of November, 2010.

26 PACIFIC PAWN BROKERS, LLC

DARBY LAW PRACTICE, LTD

27 /s/ BEN DERIAN

/s/ KEVIN A. DARBY

28 By: _____
Ben Derian, President
Debtor

By: _____
Kevin A. Darby, Esq.,
Attorney for Debtor